

ORIGINAL



0000056620

Delivering _____

Mail Station PAB221
P.O. Box 52025
Phoenix, AZ 85072-2025

Jana Brandt
Regulatory Agency Representative
Regulatory Affairs and Contracts
Phone: (602) 236-5028
Fax: (602) 236-3458
e-mail: jkbrandt@srpnet.com

June 28, 2006

Arizona Corporation Commission
Docket Control
1200 W. Washington
Phoenix, AZ 85007

RECEIVED
2006 JUN 28 P 4:35
AZ CORP COMMISSION
DOCUMENT CONTROL

Re: Docket No. E-00000D-05-0040

Dear Sir/Madam:

Attached is SRP's response to the Staff Consultant's list of questions from the first workshop of the 2006 Biennial Transmission Assessment held on June 6, 2006.

Please feel free to contact me at (602) 236-5028 if you have any questions.

Sincerely,


Jana Brandt

Attachment

cc: Kelly Barr
Rob Kondziolka
Chuck Russell

**SRP Response to KEMA's Questions
2006 BTA Workshop 1
Submitted June 28, 2006**

General questions to the group

Q1. What WECC reports or committee activities may better inform our review of the BTA filings?

Response: SRP participates fully in the WECC Annual Study Program. Review of the current study program, as well as the immediate study program report, should provide a high level overview of the western system. Additional insight may be gained by reviewing the WECC activities of the following committees: Planning Coordination Committee, Technical Studies Subcommittee, Reliability Subcommittee and the Operating Transfer Capability Policy Committee.

Q2. What other reports would you suggest we review concerning:

- Demonstrating AZ regional planning activities
- Support work and projects discussed at the workshop
- Developments related to
- EPAct 2005
- NERC/WECC standards
- WECC committee structure and functions

Response: SRP is a participant in the SWAT study groups. The CATS-HV and the CATS-EHV groups produce annual reports of study work undertaken in a regional forum. Reports are available on the SWAT website (www.azpower.org). SWAT has also undertaken a short circuit study of the AZ/NM/S NV/S CA areas and developed a black-start and restoration analysis group to ensure the restart of the system in the event of a catastrophic outage. In regards to EPAct 2005, SRP would suggest reviewing the SWAT comments submitted in regards to Section 368 (posted on the SWAT website) and WCATF work (posted on the WECC website at www.wecc.biz under "Congestion Study"). Lastly, information on WECC committee structure and functions can be found on the WECC website under "Committees". •

Q3. Are there any issues before the WECC transmission expansion planning policy committee that may have an impact on the filings?

Response: This committee is presently in the formation stage. Therefore it will have no impact on this BTA analysis. Attached are three documents pertaining to the TEPPC: 1) Update on TEPPC – Presentation to WECC PCC on June 16, 2006, 2) TEPPC Charter and 3) TEPPC White Paper dated January 17, 2006.

SRP Response to KEMA's Questions
2006 BTA Workshop 1
Submitted June 28, 2006

- Q4. To what extent do your planning activities align with the proposed changes to FERC's Order 888?

Response: SRP conducts transmission planning generally consistent with the principles proposed by FERC in the NOPR on Order No. 888. In the NOPR, FERC proposed that a coordinated, open and transparent process must satisfy eight principles. SRP, and others, are recommending that the TEPPC undertake the function of conducting congestion studies to fulfill FERC's intent.

SRP also notes that the NOPR expressly found, in Footnote 206 on page 156, that "transmission providers in the Western Interconnection already participate in regional and sub-regional transmission planning processes that include the opportunity for joint financing and ownership of transmission facilities."

Lastly, SRP is a leader in both the WECC and sub-regional planning and coordinating committees that conduct inclusive, open system planning to ensure all customers' and providers' needs are met.

- Q5. In regard to EPAct 2005 - What measures have been implemented in the transmission planning area, if any, related to the FERC/NERC/WECC mandatory reliability requirements?

Response: In regard to EPAct 2005, no planning measures have been implemented for mandatory reliability requirements. No final FERC rule is in place at this time so it would be premature to change transmission planning processes in response to these events. The proposed standards are still under review by FERC and the industry. A technical conference to evaluate the proposed standards is scheduled for July 6.

SRP Response to KEMA's Questions
2006 BTA Workshop 1
Submitted June 28, 2006

Questions for each participant

- Q6. Are any the projects included in your 10-year plans being proposed solely for their economic benefits (as opposed to reliability benefits)?

Response: All projects reflected in the current 10 year plan have a technical requirement based upon line loadings or voltage profiles. All system problems are studied, and the solutions to those problems undergo an economic analysis before adoption and inclusion in the 10 year plan. While not reflected in SRP's 10 year plan, SRP is a participant in the EOR 9300 project that will increase the capacity of the Mead-Phoenix line. This project is being proposed solely for its economic benefit.

- Q7. How do the proposed transmission plans provide for delivery of new generation sources to Arizona customers:

- In-state generation—general locations considered?
- Generation imports—directions considered (from where?)

Response: One of the purposes noted in the application for the SEV project was to create opportunities for future generation to tie into the system to provide access to markets. The anticipated load growth in the eastern Pinal county area, as well as in the Casa Grande/Coolidge/Florence/Eloy areas, will require a large amount of resource for supply. SEV will allow for more resources to the south and west. Upgrades proposed for the Navajo transmission system will allow for new resources to the north. The APS TS5 project will allow for more resources to the west. Proposed upgrades to the Coronado to Silverking 500 kV transmission system will access new resources to the east.

As far as generation imports are concerned, the current plan does not reflect transmission to bring remote, out-of-state, resources into Arizona. Currently, SRP is considering participating in the TransWest Express project being promoted by APS to bring Wyoming coal and wind resources to the SRP (and APS) service territory(s). In addition, the 2006-2007 SWAT study will be evaluating additional opportunities for importing power into Arizona.

- Q8. How do you identify RMR areas? How do you define the RMR area boundaries?

Response: RMR areas are defined by using major transmission substations, lines feeding those stations, and the relation of those stations to "load centers". Studies are performed to test sensitivity of load and generators with their ability to impact the assumed boundaries. The ability to import into the load center drives the need for must run local generation to ensure service to customer load.

SRP Response to KEMA's Questions
2006 BTA Workshop 1
Submitted June 28, 2006

Q9. Based on the CATS HV and other studies does it appear that Pinal County has the potential to become an RMR area in the future?

Response: The projected 10,000MW load from the CATS-HV study work will have to be served. The study assumption was that some of that will be served from local generation (in addition to Desert Basin and Sundance). The area has the potential to become an RMR area if the transmission system is not devised, designed, built, and operated to ensure the ability to import 100% of the load service requirement.

Q10. How have WAPA's transmission improvements been incorporated into the plans presented at the workshop?

Response: Western Area Power Administration is a department of the Department of Energy, and is responsible for the planning/designing/construction/operation of the transmission system necessary to get Bureau of Reclamation hydro power from the dams to the customers. Western's system is represented in all coordinated base cases used in Arizona studies. Western is the base case coordinator for the Arizona utilities' data submissions to the WECC System Review Work Group (SRWG), the base case development group. Western is also an active participant in regional study work done for SWAT and WATS.

Q11. Where can we find the 10-year load forecast information used in your studies?

Response: The 10-year load forecast information is available in the coordinated base cases developed for the WECC annual study program and can be provided in all future filings.

Q12. Discuss any difficulty you may have in providing the following information as part of future BTAs:

- A table reporting the assumed load for each year studied; and
- Reporting the specific contingency (or base case), limiting element, the nature of the limit, and the extent that criteria are violated that justifies each transmission addition.

Response: SRP is willing to produce a table of annual system load information.

A summary sheet showing the information requested in bullet two is not currently produced for submittals to the ACC; however, SRP could provide this information, if requested.

Western Electricity Coordinating Council

PCC Meeting

***Update On
Transmission Expansion Planning
Policy Committee***

Robert Kondziolka, P.E.

***June 16, 2006
Vancouver, British Columbia***

Three Main Functions

1. Oversee database management
2. Provide policy and management of planning process
3. Guide the analysis and modeling for western interconnection economic transmission expansion planning

TEPPC

MEMBERS

Company /
Class

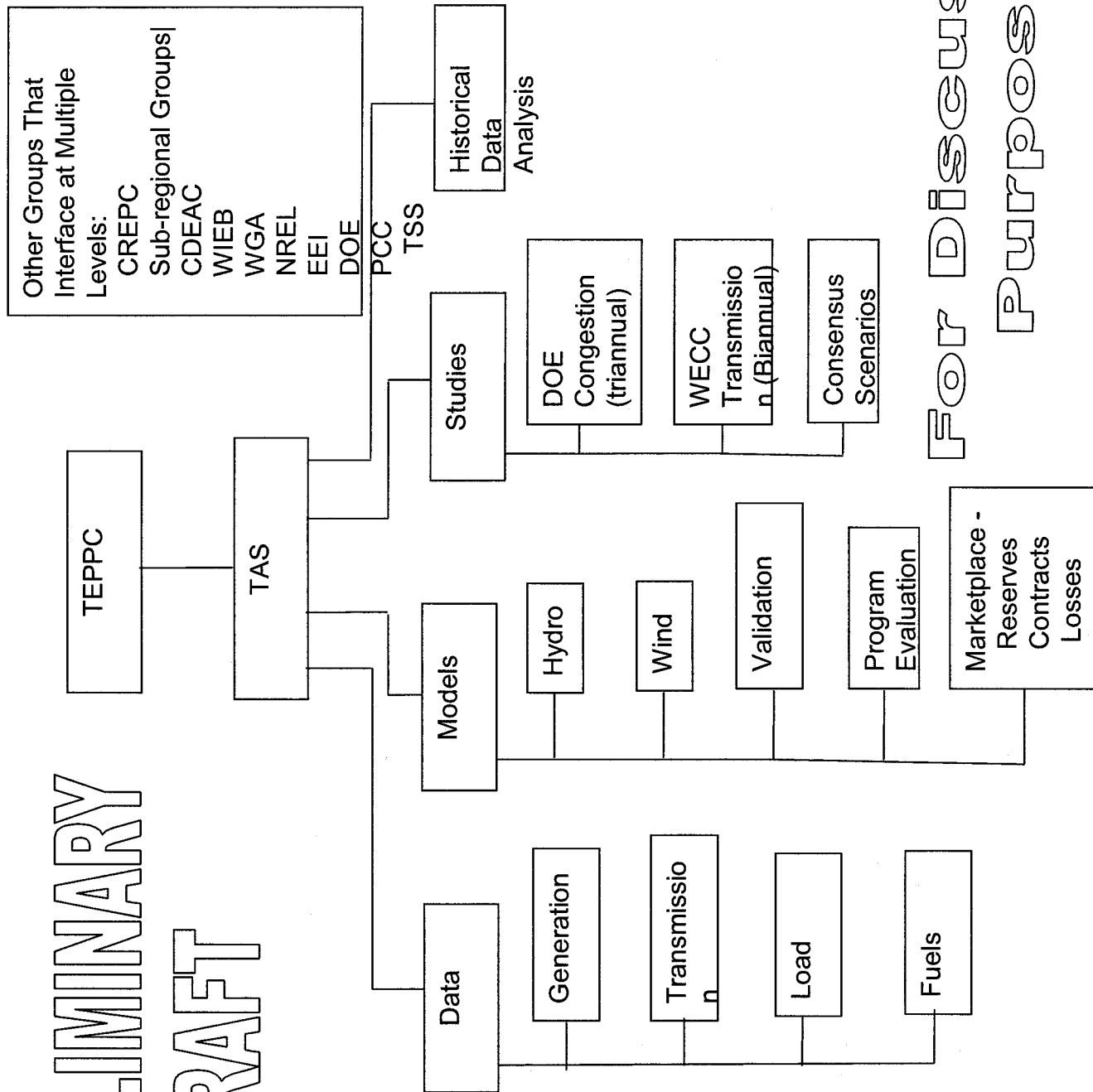
1	WECC Board Member	Dave Areghini	SRP / Class 1
2	WECC Board Member	Scott Cauchois	CORA / Class 4
3	PUC Representative	Jerry Smith	ACC / Class 5
4	Energy Office Representative:	Grace Anderson	CEC / Class 5
5	IRP Expert	Mike Whatley	SCE / Class 1
6	Wholesale Market Expert	Mike Evans	STGP / Class 3
7	Transmission Owner	Marv Landauer	BPA / Class 1
8	LSE Representative	Alan Myers	WPE / Class 2
9	Consumer Representative	Harlow Peterson	USE / Class 4
10	Environmental Representative	Dian M. Grueneich	CPUC / Class 5
11	Generator Owner Representative	Gordon Dobson-Mack	PWX / Class 3
12	SWAT	Robert Kondziolka	SRP / Class 1
13	NTAC	Chris Reese	PSE / Class 1
14	STEP	Robert Smith	APS / Class 1
15	RMATS	Mike DeWolf	PAC / Class 1
16	CAISO	Darius Shirmohammadi	CISO / Class 1
17	Colorado Coordinated Planning Group (CCPG)	Sandra Johnson	PSC / Class 1

—— PCC Member

Meetings

- May 25 (Portland)
 - Ad Hoc group formed
- July 21 (Conference Call)
- August 22 (Portland)

PRELIMINARY DRAFT



For Discussion
Purposes

- ❖ Website Location – Committees/TEPPC
- ❖ TEPPC distribution list

CHARTER OF THE TRANSMISSION EXPANSION PLANNING POLICY COMMITTEE

I. Introduction

WECC and its members have determined that WECC has a role in meeting the region's need for regional economic transmission planning and analyses by providing impartial and reliable data, public process leadership, and analytical tools and services. The activities of WECC in this area will be guided and overseen by a new board-level committee, the Transmission Expansion Planning Policy Committee (TEPPC).

II. Responsibilities

TEPPC's three main functions include: (1) overseeing database management, (2) providing policy and management of the planning process, and (3) guiding the analyses and modeling for Western Interconnection economic transmission expansion planning. These functions compliment but do not replace the responsibilities of WECC members and stakeholders to develop and implement specific expansion projects.

A. TEPPC will organize and steer WECC regional economic transmission planning activities. Specific responsibilities include:

- steering decisions on key assumptions and the process by which economic transmission expansion planning data are collected, coordinated and validated;
- selecting and overseeing the work of a facilitator for western interconnection economic transmission expansion planning and modeling efforts;
- approving study plans, including study scope, objectives, priorities, overall methods/approach, deliverables, and schedules;
- steering decisions on analytical methods and on selecting and implementing production cost and other models found necessary;
- ensuring the economic transmission expansion planning process is impartial, transparent, properly executed and well communicated;
- ensuring that regional experts and stakeholders participate, including state/provincial energy offices, regulators, resource and transmission developers, load serving entities, environmental and consumer advocate stakeholders through a stakeholder advisory group;
- supporting DOE's initiative to evaluate transmission congestion and identify national interest transmission corridors in order to maximize the utility of DOE's work for the Western Interconnection;
- steering report writing and other communications that include communications between the TEPPC and the sub-regional planning groups;
- advising the WECC Board on policy issues affecting economic transmission expansion planning;
- recommending budgets for WECC's economic transmission expansion planning process;

- organizing and coordinate activities with sub-regional planning processes;
 - approving recommendations to improve the economic transmission expansion planning process.
- B. TEPPC analyses and studies will focus on plans with west-wide implications and include a high level assessment of congestion and congestion costs. The analyses and studies will also evaluate the economics of resource and transmission expansion alternatives on a regional, screening study basis. Resource and transmission alternatives may be targeted at relieving congestion, minimizing and stabilizing regional production costs, diversifying fuels, achieving renewable resource and clean energy goals, or other purposes. Alternatives may draw from state energy plans, integrated resource plans, large regional expansion proposals, sub-regional plans and studies, and other sources such as individual control areas if relevant in a regional context.
- C. The TEPPC will present its findings to the Board for comment and approval. Data, analyses and findings will be provided to members, sub-regional study groups, and policy makers for further consideration. Members and sub-regional planning groups will perform analyses and studies to define, evaluate, prioritize and advocate specific projects as they choose.
- D. TEPPC will, in consultation with stakeholders and technical experts, adopt an analytical methodology and modeling tools for WECC's regional economic transmission expansion planning.
- E. TEPPC will conduct the planning process in an impartial, inclusive, and transparent manner that ensures broad stakeholder participation
- F. The TEPPC shall undertake assignments related to its functions as requested by the Board of Directors.
- G. The TEPPC will depend on technical support from the Standing Committees and their subgroups and other WECC committees and sub-regional planning groups as needed.
- H. The TEPPC shall review this document on an annual basis and recommend to the Board any changes that the TEPPC considers advisable.
- I. The TEPPC shall normally report to the Board of Directors at each Board meeting with respect to its activities and with such recommendations and findings as are deemed appropriate.
- J. TEPPC's role will not include:
1. conducting sub-regional or detailed project-specific studies,
 2. prioritizing and advocating specific economic expansion projects,

3. identifying potential "winners" and "losers,"
4. developing or advocating cost allocations,
5. developing or advocating cost allocation criteria,
6. providing mechanisms to obtain funding,
7. assigning transmission rights,
8. providing backstop permitting or approval authority, or
9. performing reliability analysis outside of what is being done today.

III. Committee Composition

TEPPC will include transmission providers, policy makers, governmental representatives, and others with expertise in planning, building new economic transmission, evaluating the economics of transmission or resource plans; or managing public planning processes. The committee members should generally reflect the geographic and stakeholder breadth of WECC.

TEPPC will be comprised of individuals from a WECC member organization that have the following associations or areas of expertise. The WECC Board will approve the TEPPC members. The TEPPC shall include:

1. Two WECC Board Members,
2. One representative from each of the five WECC sub-regional planning groups and one from the CAISO,
3. One representative from a Public Utility Commission,
4. One representative from a State/Provincial Energy Department/Office,
5. One transmission owner,
6. One load serving entity (LSE) representative,
7. One generator owner representative,
8. One consumer representative,
9. One expert in the IRP processes,
10. One wholesale market expert,
11. One environmental representative.

The committee will not exceed seventeen members.

IV. Governance

1. The TEPPC members shall be designated by the Board. The RPIC will solicit member interested in serving on TEPPC and review names and qualifications. The RPIC will recommend a slate of members to initially populate the TEPPC.
2. The board shall review the TEPPC membership at least every three years.
3. If a vacancy occurs on the TEPPC the TEPPC Chair shall recommend to the Board a name or names of individuals to fill that vacancy.

4. The Chair of the Board of Directors shall appoint one of the Committee's Board of Director members to serve as the Committee Chair. The TEPPC Chair shall appoint a Secretary who need not be a Director or a Committee member.
5. The time and place of meeting of the TEPPC and the procedures for such meeting shall be as determined by the members of the TEPPC, provided that:
 - (a) The TEPPC shall meet as needed to fulfill its responsibilities.
 - (b) A quorum for meetings shall be a simple majority of the members of the TEPPC.
 - (c) Meetings of the TEPPC may be in person or by conference call as determined by the TEPPC Chair.
 - (d) The TEPPC Chair shall provide an email notice to committee members and Board members the time and place of all meetings of the TEPPC no later than three weeks prior to the meeting, together with an agenda of the items for which possible action may be taken. This information will also be and posted to the TEPPC web page. Any member of the Board may attend any meeting held in person and may monitor any meeting held by conference call. Regular meeting should be scheduled at the beginning of the year.
 - (e) WECC members who wish to attend TEPPC meetings or monitor TEPPC conference calls may do so after providing notice of their interest to the TEPPC Chair by email. Upon receiving such a notice, the TEPPC Chair shall provide an email copy of the notice and agenda of future meetings to that WECC member at the time the notice and agenda are provided to the Board. Information regarding location of specific meetings or how to join a specific conference call may be obtained directly from the TEPPC Chair or their designee.
 - (f) Only the Board designated committee members or their designated proxy may vote.
 - (g) Action taken by TEPPC shall require a majority vote of those voting members present in person or on the telephone conference call.
 - (h) The TEPPC Chair may call for a closed session of the TEPPC to protect the confidentiality of proprietary information or to receive attorney-client communications. Such closed sessions of the TEPPC shall only be attended by members of the TEPPC and by any other person invited to attend by the TEPPC Chair.
6. The non-Affiliated Directors' compensation for serving on the TEPPC shall be as established by the Board.

7. The TEPPC will view projects at their conceptual stage consistent with the Transmission Economic Expansion Planning functions. TEPPC shall develop a vibrant relationship with WECC Staff, WECC and non-WECC committees/organizations regarding coordination of data collection, study scenarios, conducting the economic transmission planning process and reviewing/validating system modeling.

TRANSMISSION EXPANSION PLANNING

I. Background/Introduction

At the Western Electricity Coordinating Council (WECC) Board of Directors meeting on July 28-29, 2005, the Directors took the following action:

A motion by Ms. Case to accept for strategic direction, the proposal from PacifiCorp with direction to the WECC CEO to flesh out details and return to the Board for approval in October was seconded and approved unanimously by the Board. Details would include governance, timeframes, action steps, responsibilities, and member and stakeholder input.

Since the Board meeting in October the RPIC has taken further guidance on the development of this project through comments from the WECC membership. This white paper will continue to be refined until RPIC approves of its contents and presents it to the Board at a future meeting for approval.

This paper only addresses the proposed new economic transmission expansion planning functions and provides the additional detail called for by the WECC Board in the above motion for the Board's consideration. These functions do not include developing and implementing specific projects as this is the responsibility of WECC members and stakeholders.

II. WECC's Proposed Role in Transmission Expansion Planning

WECC traditionally has performed a transmission planning role as pertains to reliability of the western interconnection. WECC will continue this role and upon approval of this proposal, add new functions related to "economic" transmission expansion planning. This new function will provide WECC members, including state/provincial regulators and policy makers, and interested parties with impartial and reliable information on the value of expanding the transmission grid. Such information is necessary to enable economic transmission projects to be developed, financed and permitted.

WECC's proposed role is based on the proposal made by PacifiCorp to the Board in July of 2005, in which WECC was asked to expand its role in regional transmission planning. This white paper's proposal addresses the details of governance, timeframes, action steps and responsibilities for WECC in the economic transmission expansion planning process. It also addresses member and stakeholder input on how to implement the proposal.

WECC's main role in the economic transmission expansion planning proposal is to assist its members and provide impartial and reliable information to other interested parties. This role is more defined by three expanded functions: (1) transmission

database manager, (2) planning process facilitator, and (3) analytical/modeling lead for the economic transmission expansion planning in the western interconnection:

1. WECC will be the manager of the economic transmission expansion planning database of the western interconnection:

As manager of the database, WECC will forge with stakeholder participants, agreements on key assumptions and data requirements for planning studies and conduct a regional data collection process. WECC will involve regional experts in transmission planning to establish key assumptions and data needs. The database will include load, fuel price, resource, and transmission information (including control area geographic and scheduling information) to simulate regional production costs under various loads, gas prices, hydro and other scenarios. The database will also include investment and other fixed cost information. The goal is a comprehensive, current, and well validated database that WECC Members and others through confidentially agreements can readily use to identify transmission needs due to economic and congestion point of view and evaluate transmission alternatives across the region. Initially, the data collection activity will build upon the existing Seams Steering Group-Western Interconnection (SSG-WI) database. WECC will make full use of its existing data collection processes and enhance any processes to better meet the needs of transmission expansion planning.

The database will be:

- Systematically reviewed and validated by regional experts and stakeholders;
- Refreshed on a recurring schedule;
- Portable so that users can readily employ the data in their expansion planning work;
- Reciprocal, defined to mean that users bear an obligation to validate the data and submit corrections and updates to WECC through a data collection process;
- Publicly available, consistent with confidentiality requirements.

Integration of data collection with other WECC Committees

- *Loads and Resources Subcommittee*

The process used to update the transmission database will be integrated with the reporting process currently used to collect the loads and resources information from control areas in the Western Interconnection. This information is collected for a variety of analytic and reporting purposes by the Loads and Resources Subcommittee (LRS) under the Planning Coordination Committee.

Currently the LRS collects these data:

- Existing and planned generation units

- Peak demand, resources, resource outages, transfers, and planning reserve
- Energy loads

LRS can request selected data to improve understanding and ensure consistency of assumptions and analyses in transmission expansion planning, integrated resource planning and related processes. The LRS can also modify future requests for data to meet the needs of the transmission expansion planning process.

Planning Coordination Committee (PCC) representatives are responsible for reporting the loads and resources information for their organizations.

2. WECC will act as the facilitator in the economic transmission expansion planning process for the western interconnection:

WECC will ensure that the transmission expansion planning process is:

- Strategically focused, for example, focused on developing and evaluating alternatives for designating national interest corridors or alternatives for moving remote low cost, and/or renewable generation to markets;
- Oriented toward maximizing regional benefits;
- Systematic, technically rigorous, and results-oriented
- Recurring (cyclical);
- Working with the western states (CREPC and WIEB) to assure the planning process takes place in an open stakeholder forum to assess transmission impacts of state electricity policy;
- Implemented with issues associated with transmission planning and specifically politically sensitive commercial issues;
- Integrated with and between sub-regional planning efforts;
- Impartial and transparent;
- Inclusive of stakeholders, including transmission providers, generators, LSEs, federal and state/provincial energy departments and regulatory bodies, tribal governments, end users, and environmental groups.

Products will include:

- A high level assessment of regional transmission congestion and congestion costs.
- A list of western interconnection projects that span multiple states, provinces and sub-regions that are, on a screening study basis, economically viable.
- A list of projects for further consideration by sub-regional groups, policy makers and WECC members.
- Study program scenario development that entails developing, coordinating and approving resource and transmission expansion alternatives to be studied. Also includes developing and approving sensitivities, such as fuel price, hydro condition and load sensitivities.
- Assessment reports as resource and transmission expansion alternatives are studied. On a region-wide basis, assessments should be performed biennially,

but may be performed more frequently depending upon need. An assessment report should be issued following each regional assessment. Assessments should draw from sub-regional studies whenever appropriate, and include:

- Forecasted congestion and congestion costs
- Economic implications of resource and transmission expansion alternatives. Among other things, alternatives may be targeted at relieving congestion, minimizing and stabilizing regional production costs, diversifying fuels, achieving renewable resource and clean energy goals, and improving market liquidity. Alternatives may draw from state energy plans, IRPs, sub-regional study recommendations and other sources
- Preliminary assessment of electrical performance of alternatives to verify that the alternatives are electrically viable, including the performance of limited power flow studies as necessary. Detailed design level power flow and stability analysis and demonstration of conformance with WECC reliability criteria will be performed by project sponsors or sub-regional planning groups.
- Implementation issues and next steps

Integration of case scenarios with other WECC Committees' studies

- Technical Studies Subcommittee and System Review Work Group

A review should be conducted each year of the Technical Studies Subcommittee (TSS) Data Bank Compilation Schedule and develop an integration scheme such that future scenario cases could parallel the base case power flow configurations portrayed in the schedule. Detailed case description sheets created by TSS, outlining the specific load conditions, scheduling patterns, or scenarios to be represented in each case are prepared by System Review Work Group (SRWG).

Also a review of the modified cases that are used for the development of the WECC Annual Study Program Report with the idea of developing parallel scenarios that could enhance the effectiveness of the report. The WECC Study Program Guidance Survey identifies concerns through studies of existing and new transmission projects, paths and new generation projects.

3. WECC will be the lead organization for western interconnection economic transmission expansion planning analyses/models and studies:

WECC will, in consultation with stakeholders and technical experts, adopt an analytical methodology and modeling tools for regional transmission expansion planning. SSG-WI's methodology and model will serve as a good starting point,

and CAISO's Transmission Economic Assessment Methodology (TEAM), and other methodologies and models will be considered for long-term use.

WECC will develop and evaluate the economics of resource and transmission alternatives collaboratively with members, stakeholders and other technical experts. WECC's data and analyses will draw from and serve as input to transmission expansion planning studies performed by sub-regional planning groups. Analyses and studies will focus on alternatives with broad Western Interconnection implications. WECC's economic transmission expansion planning role will replace SSG-WI's role once SSG-WI completes its 2005 planning program.

Note on the SSG-WI planning role:

SSG-WI's basic role has been to identify areas of potential future transmission congestion in the Western Interconnection, develop and analyze alternative solutions to relieve the transmission congestion and make this information available to all entities, including RTOs, SPGs, Transmission Providers, non-RTO members, LSEs, state agencies, generation owners and marketers. Since SSG-WI has no implementation authority, it is the role of these entities to review the SSG-WI analysis and to pursue project implementation for those projects that they determine have sufficient economic benefit. (Please see the attached graphic on WECC's Transmission Expansion Planning replacing SSG-WI's role)

WECC's new role will be steered by a Transmission Expansion Planning Policy Committee (TEPPC) with policy-level representation by a cross-section of state/provincial energy offices, regulators, transmission providers/operators, load serving entities (LSEs), end users and developers.

It is anticipated that sub-regional planning groups and others will make use of the WECC expansion planning database in their studies, and reciprocate by providing data corrections, updates, and improvements to WECC. Similarly, it is anticipated that sub-regional planning groups and others will factor WECC's analytical results into their studies, and reciprocate by providing their studies and analyses to WECC. The objective for this coordination is to continuously improve the quality of data and studies, and to engender consistency in transmission assessment methodologies and standards. Such standards include commercial adequacy (minimizing power cost and reducing price volatility caused by congestion), transmission cost effectiveness, and resource and transmission adequacy standards. Production cost modeling is but one component of the multitude of studies and work performed to develop an overall transmission expansion plan.

WECC's role will not include:

1. conducting sub-regional or detailed project-specific studies,
2. prioritizing and advocating specific economic expansion projects,
3. identifying potential "winners" and "losers",¹
4. developing or advocating cost allocations,
5. developing or advocating cost allocation criteria,
6. providing mechanisms to obtain funding,
7. assigning transmission rights,
8. providing backstop permitting or approval authority, or
9. performing reliability analysis outside of what is being done today.

WECC members have the overall responsibility to plan, justify, develop, site, construct, operate, and maintain transmission facilities.

III. Near – Term Deliverables (2006)

The following are envisioned as the key deliverables from WECC's expanded role in economic transmission expansion planning. Additional detail regarding the contemplated deliverables and time frames are provided in Section VI "Time Frames and Action Steps." Completion of these deliverables will provide a measure of WECC's success in implementing an expanded role in the area of economic transmission expansion planning:

- A. Successful completion of one or more workshops resulting in stakeholder consensus regarding the scope of WECC's role in economic transmission expansion planning. The product of the consensus building exercise will be a West-wide Planning Process defining the respective roles and complementary relationships of WECC, the Sub-Regional Planning Groups, and other groups involved in economic transmission expansion planning.
- B. Establishment of a "formal" relationship with DOE to identify western national interest transmission corridors.
- C. Successful implementation of the regional transmission expansion planning database; selection, acquisition, and implementation of a production cost modeling platform' and adoptions of methodologies for performing analyses.
- D. Successful implementation of processes for updating and improving the regional economic transmission expansion planning database in a timely and quality manner and for making the database publicly available consistent with protecting critical energy infrastructure information. This includes collaborating with the LRS to make maximum use of the LRS data collection process.

¹ Although modeling must quantify economic gains and losses (probably by area and by load and generator category) – to inform potential sponsorship and project ownership

- E. Successful development of a study program for 2007, including a public process plan.
- F. Completion of an economic transmission expansion planning report to present findings regarding various transmission and resource scenarios, economic analyses of the scenarios, and appropriate recommendations consistent with WECC's role. (Note: WECC's role will not include conducting sub-regional or detailed project-specific studies, prioritizing and advocating specific economic expansion projects, identifying "winners" and losers," etc. as set forth above in Section II.C.)
- G. At year-end (December 2006), complete a progress report to the WECC Board on first year accomplishments and problems and set plans for the following year.

IV. Governance

WECC's role in transmission expansion planning will be highly visible, and it will require WECC to both employ and accommodate the skills and needs of Members, state, provincial and federal policy makers, resource and transmission developers and planners, regulators, and diverse interest groups. The expansion planning process will require the skills and participation of policy makers, regulatory representatives, experts in transmission and resource planning, designing, and building, economic analysts and modelers, and public process management.

The governance group to oversee WECC's expanded role in economic transmission expansion planning is envisioned to be a new committee, the "Transmission Expansion Planning Policy Committee," (TEPPC). TEPPC will report to the WECC Board of Directors, consistent with WECC Bylaws' requirements for Board level committees, and in this capacity will make recommendations to the Board regarding economic transmission expansion planning analysis issues including economic transmission and expansion planning.

TEPPC would focus on economic screening studies for resource and transmission expansion alternatives that have broad, regional implications. Once the TEPPC completes its work, sub-regional groups, WECC members, or others may choose to study further and to plan and develop actual projects. The Planning Coordination Committee (PCC) would address issues from project inception to in-service. Once projects are in-service, the Operating Committee (OC) and the Market Interface Committee (MIC) take the WECC reins. Consideration should be given to integrating the TEPPC's process and WECC's current regional planning process. This would involve moving the oversight of the Regional Planning Project Review phase of the Planning Coordination Committee's (PCC's) process² over to TEPPC to avoid duplication of effort. Communication links should also be formed between

² The PCC process is presented in the document entitled "Overview of Policies and Procedures for Regional Planning Project Review, Project Rating Review, and Progress Reports."

TEPPC and PCC and the newly formed Loads and Resources Subcommittee to avoid possible duplication of effort and to avoid divergent models and assumptions

TEPPC would be charged with overall organization and steering of WECC's regional economic transmission planning roles, including WECC's new western interconnection planning database management, planning process management, and analytical leadership roles.

This includes:

- A. steering decisions on key assumptions and the process by which economic transmission expansion planning data are collected, coordinated and validated;
- B. selecting and overseeing the work of a facilitator for western interconnection economic transmission expansion planning and modeling efforts (see below);
- C. approving study plans, including study scope, objectives, priorities, overall methods/approach, deliverables, and schedules
- D. steering decisions on analytical methods and on selecting and implementing production cost and other similar models found necessary;
- E. ensuring the economic transmission expansion planning process is impartial, transparent, properly executed and well communicated;
- F. ensuring that regional experts and stakeholders participate, including state/provincial energy offices, regulators, resource and transmission developers, LSEs, end-user, environmental and consumer advocate stakeholders;
- G. supporting DOE's initiative to evaluate transmission congestion and identify national interest transmission corridors in order to maximize the utility of DOE's work for the Western Interconnection;
- H. steering report writing and other communications;
- I. advising the WECC Board on policy issues affecting economic transmission expansion planning;
- J. recommending budgets for WECC's economic transmission expansion planning process;
- K. organizing and coordinating activities among sub-regional planning processes; and
- L. approving recommendations to improve the economic transmission expansion planning process.

TEPPC will be comprised of persons (must be from a WECC member organization) that have the following associations or disciplines:

- Two WECC Board Members,
- One representative from each of the five WECC sub-regional planning groups, and one from the CAISO
- One representative from a Public Utility Commission,
- One representative from a State/Provincial Energy Department/Office,
- One expert in the IRP processes,
- One transmission owner,
- One load serving entity (LSE) representative,
- One end-user (as defined in WECC Bylaws),
- One environmental representative,
- One generator owner representative, and
- One wholesale market expert.

Seventeen total members will be on the new committee. The committee members are selected by RPIC and submitted to the WECC Board for approval.

The TEPPC would form an Analysis Advisory Group for interconnection-wide modeling efforts and database updates. The Analysis Advisory Group would report to TEPPC.

The primary functions of the Analysis Advisory Group:

- Work with WECC staff and stakeholders to develop and recommend to the TEPPC for approval:
 - key assumptions and the process by which data are collected, coordinated and validated;
 - study plans and priorities,
 - analytical methods and the selection and implementation of production cost and other models
 - design of the public process
 - study findings and reports
 - actions to improve WECC's expansion planning role and function
- Collect and help staff verify updates to the planning database, and ensure close coordination with the Loads and Resources Subcommittee
- Guide and support the public process
- Guide and help troubleshoot and validate studies
- Guide and support presentations and reports.

Over the past four years much has been learned about how to successfully execute stakeholder-driven, transparent economic transmission expansion planning. Economic transmission planning efforts must be open to the participation of the full range of interested parties, not just WECC members. Unlike the TEPPC, participation in the Analysis Advisory Group would not be limited to WECC

Members. The TEPPC will determine the criteria and process for participation on the Analysis Advisory Group. Suggested organized structure under the Advisory Committee should have three subgroups, such as a Generation subgroup, a Transmission Subgroup and a Load Subgroup.

V. Facilitator

A facilitator with expertise in generation and economic transmission expansion planning is essential. The facilitator would be retained on a temporary basis to help build consensus and help ensure the success of WECC's expanded role in economic transmission expansion planning. The facilitator would be a qualified individual, who is providing consulting services, or is a WECC member employee, or is a WECC staff member, or some other capacity. Staff support for the economic transmission expansion planning effort must be extremely responsive to the needs of the stakeholders, including revising analyses in response to discussions, and presenting and explaining the nuances of the models and impact of key variables.

The facilitator would facilitate discussions of economic transmission expansion planning among:

- Chairs of sub-regional planning groups
- Generators
- LSEs
- Transmission developers
- Public interest groups
- State/provincial energy and regulatory agencies
- Other interested parties

Much of the facilitator's work would be done with the Analysis Advisory Group.

VI. Staffing

To support the new economic transmission expansion planning role for WECC, increased staff support is needed. Staff support would include one senior engineer, one assistant engineer and one administrative coordinator. The WECC support staff personnel and any consultants retained to support this activity would conduct their work pursuant to policy guidance and direction from the Transmission Expansion Planning Policy Committee, consistent with Board direction.

Initially, WECC members will need to provide analytical and modeling assistance to the staff. Staffing requirements will be continuously reviewed over time as experience is gained and the scope of WECC's involvement becomes better defined.

VII. Time Frames and Action Steps

The following are the key time frames and action steps that have been completed and will be needed to implement WECC's new economic transmission expansion planning role:

- A. The WECC Board approved in the 2006 budget, funding requirements for WECC's new economic transmission expansion planning role. **Completed.**
- B. The finalized agreement with PacifiCorp enabled WECC to obtain the transmission planning database on January 1, 2006. **Completed.**
- C. RPIC is collecting interested and qualified representative's information for the Transmission Expansion Planning Policy Committee. Approval of the Transmission Expansion Planning Policy Committee representatives will be made at the April 2006 WECC Board meeting. The Board should designate the chair of the committee at this time also. **Ongoing.**
- D. While WECC's economic transmission expansion planning role is being defined, WECC has assumed on an interim basis the role of central point of contact with DOE in identifying western national interest corridors, utilizing work performed by SSG-WI and the Sub-regional Planning Groups. This function is being performed now to meet DOE's schedule defined under the Energy Bill. WECC's "formal" relationship with DOE will be developed by the Transmission Expansion Planning Policy Committee during 2006. **Ongoing.**
- E. RPIC is preparing a committee charter for approval by the Board in April 2006. **Ongoing**
- F. 1st Quarter 2006 – Depending upon workload, hire senior engineer personnel. The hiring of the assistant engineer could be postponed until later in the year based upon need.
- G. 1st Quarter 2006 – RPIC will hold a Transmission Planning Workshop.
 - Attended by the chairs of the sub-regional planning groups, generators, LSEs, transmission developers, public interest groups, state/provincial energy and regulatory agencies, and all interested WECC members to build consensus regarding WECC's new economic transmission expansion planning role. Through participation in the workshop, obtain stakeholder input regarding clear goals and deliverables, and seek to reconcile the scope and role of WECC and sub-regional studies. Consider the need for additional follow-up workshops. **Planned for February 15, 2006.**

H. Transmission Expansion Planning Policy Committee tasks.

1. Form the Analysis Advisory Group and define the specific duties of the group.
2. In conjunction with PCC Chair and Vice-Chair, Load and Resources Subcommittee Chair, and WECC Staff define the objectives, responsibilities, duties, and relationships between the Loads and Resources Subcommittee and the Analysis Advisory Group with respect to the development, maintenance, and use of the western interconnection economic transmission expansion planning database and the database to be used for assessment of resource adequacy
3. December 2006 – Design next Western Interconnection Economic Transmission Expansion planning process.
4. The Transmission Expansion Planning Policy Committee should finalize the process based upon stakeholder input from the economic transmission expansion planning workshop(s)
5. 4th Quarter 2006 – Adopt methodology for economic transmission expansion planning analyses.
6. Develop a methodology for Board approval. The existing SSG-WI methodology would serve as a starting point for this development.

SSG-WI Planning Function's Interactions within the Western Interconnection

